

Reminder – Shut off all
pagers and cell phones

City of Medford
Special Meeting &
Council Workshop Agenda

June 24, 2019, 6:00 P.M.
City Hall



- I. Call meeting to order
- II. Municipal building discussion
- III. Wastewater treatment options update – Faribault rate
- IV. Adjournment

MEMORANDUM

TO: Council

FROM: Andy Welti
City Administrator

DATE: June 19, 2019

RE: Wastewater Rate Analysis

Background:

Seth Peterson and I have been in correspondence with the City of Faribault's staff regarding the potential wastewater connection. The City of Faribault's infrastructure is being analyzed to determine capacity.

The City of Medford requested rate charge estimates that would be reflected in a future agreement. The Faribault City Council discussed rates that could be charged to users inquiring about connecting to Faribault's wastewater system and responded with a proposed rate. Seth used the rate to update the table below. The first table shows the rate included in Council's most recent update (highlighted), the second table shows the rate recently approved by Faribault Council (highlighted).

The following process had been proposed at the May meeting.

- Obtain answers to wastewater capacity questions and rate charges from Faribault.
- Create a rate analysis for Council to review.
- Draft an agreement with Faribault.
- Create a timeline for project implementation.

Council authorized Mike Bubany to complete a rate analysis for the regionalization with Faribault option. Council could proceed with the rate analysis to determine future rates for Medford residents and to reference during discussions with Faribault as an agreement is developed. An alternative option would be to begin working through a proposed agreement with Faribault, then do a rate analysis after the rates have been agreed to and included in a connection agreement.

Seth's Update:

"For the per 1,000/gal rate we used the Roberd's Lake agreement that charged a 5% surcharge. Based on Travis' email below the City will be charging Medford a 50% surcharge. The impact is an additional \$120,000/year in rate fees. See the tables below...Even with this rate change the option of going to Faribault is still the most cost effective option."

Item	Medford Upgrade WWTF	Regionalize w/Faribault
Capital Costs		
Construction Cost	\$7,080,000	\$5,340,000
Connection Fee	\$0	\$750,000
<i>Total Capital Cost</i>	<i>\$7,080,000</i>	<i>\$6,090,000</i>
Annual O&M Costs		
Medford O&M Costs	\$660,000	\$190,000
Wastewater Rate Fees	\$0	\$310,000
Total Annual O&M Cost	\$660,000	\$500,000
<i>Present Worth of O&M Costs</i>	<i>\$9,900,000</i>	<i>\$7,500,000</i>
Life-Cycle Present Worth Cost	\$17,000,000	\$13,600,000

*assumes rate at 250,000 gpd (future rate). Rate will be lower initially for O&M costs.

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Connection Fee	\$0	\$750,000
<i>Total Capital Cost</i>	<i>\$7,080,000</i>	<i>\$6,090,000</i>
Annual O&M Costs		
Medford O&M Costs	\$660,000	\$190,000
Wastewater Rate Fees	\$0	\$430,000
Total Annual O&M Cost	\$660,000	\$620,000
<i>Present Worth of O&M Costs</i>	<i>\$9,900,000</i>	<i>\$9,300,000</i>
Life-Cycle Present Worth Cost	\$17,000,000	\$15,400,000

*assumes rate at 250,000 gpd (future rate). Rate will be lower initially for O&M costs.